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Memorandum of Understanding Between the Commodity
Credit Corporation and Federal Crop Insurance Corpora-
tion with Respect to the Purchase and Sale of Cotton

The Federal Crop Insurance Corporation in connection with its insurance operations is required to purchase and sell cotton. The Commodity Credit Corporation has facilities and personnel engaged in the purchase and sale of cotton. In order to avoid duplication of such facilities and personnel and in order to avoid the possibility of competition between the two agencies, it is understood that all cotton transactions of the Federal Crop Insurance Corporation will be conducted by the Commodity Credit Corporation in accordance with the following procedure:

1. Federal Crop Insurance Corporation shall from time to time transfer to the Commodity Credit Corporation the funds required for the purchase of cotton for the account of the Federal Crop Insurance Corporation.
2. Federal Crop Insurance Corporation shall from time to time, upon rendition of estimates, furnish to Commodity Credit Corporation funds for the administrative expenses incurred by Commodity Credit Corporation in connection with the services rendered under this agreement at the rate of 20 cents per bale for each bale of cotton bought for the account of the Federal Crop Insurance Corporation.
3. The Federal Crop Insurance Corporation shall notify the Commodity Credit Corporation of the quantity of cotton required by the insurance operations of the Federal Crop Insurance Corporation. This notification shall specify the quantity, class, and staple of cotton desired, and spot market upon the basis of which purchase price shall be fixed. The Commodity Credit Corporation shall notify Federal Crop Insurance Corporation of the quantity of cotton purchased for the account of Federal Crop Insurance Corporation during the preceding market day.
4. All purchase prices will be established upon the basis of the Office of Marketing Services published quotations for the designated spot market for the date of purchase stated in the notice of the Commodity Credit Corporation under paragraph 3, adjusted by the addition of 50 points per pound.
5. Federal Crop Insurance Corporation shall notify Commodity Credit Corporation of the quantity of cotton required to be sold. This notification shall specify the quantity, class, staple, and the designated spot market upon the basis of which the sales price shall be fixed. Such notification with respect to any one designated spot market shall not exceed the quantities of the class and staple purchased by Commodity Credit Corporation for the account of Federal Crop Insurance Corporation on the basis of the stipulated market and remaining unsold. Commodity Credit Corporation shall notify Federal Crop Insurance Corporation of the quantity of cotton sold for the account of Federal Crop Insurance Corporation during the preceding market day.

of termination in order that any pending transactions might be completed as soon as practicable after such termination. The accounts of the two corporations relating to the cotton transactions involved shall be audited and prompt settlement made of the amounts found to be due.

15. This agreement shall become operative upon the approval by the Board of Directors of the two corporations and the Secretary of Agriculture.

APPROVED:

APPROVED:

Commodity Credit Corporation

Federal Crop Insurance Corporation

Date

Date

APPROVED:

Secretary of Agriculture

Date